

Supplement 2014:2 to base prospectus regarding ICA Gruppen Aktiebolag's (publ) MTN-programme

Supplement to base prospectus regarding ICA Gruppen Aktiebolag's (publ) ("ICA Gruppen") MTN-programme, approved and registered by the Swedish Financial Supervisory Authority (the "SFSA") on 26 May 2014 (ref. no. 14-7101) (the "Base Prospectus").

This supplement has been prepared in accordance with Chapter 2 Section 34 in the Swedish Financial Instruments Trading Act (1991:980) (*Sw. lag (1991:980) om handel med finansiella instrument*) and approved and registered by the SFSA on 15 October 2014 and published on ICA Gruppen's website on 15 October 2014.

Rights for investors who have agreed to purchase or subscribe for transferable securities under the Base Prospectus to withdraw their acceptances by reason of the publication of this supplement shall be exercised no later than two (2) business days from the publication, *i.e.*, no later than on 17 October 2014.

This supplement is a part of, and shall be read together with, the Base Prospectus (including previous supplements to the Base Prospectus).

Publication of press release regarding the divestment of ICA Norway

On 6 October 2014, ICA Gruppen published a press release (the "Press Release") regarding that an agreement to divest of ICA Norge AS ("ICA Norge") has been entered into.

Updates to the Base Prospectus

The above-mentioned Press Release causes updates of the Base Prospectus in the headings "Summary", "Risk factors" and "Other information" as set forth below.

Summary

The heading "Summary" of the Base Prospectus is updated under "Section D - Risks" (item D.2) by updating the fourth section in subheading "Key risks associated with the Company" with information that there is a risk that the Norwegian Competition Authority (No. *Konkurransetilsynet*) will not approve of the divestment of ICA Norge. The updates are set forth in [Appendix 1](#).

Risk factors

The heading "Risk factors" is updated under the subheadings "Risks related to ICA's Norwegian operations" on p. 11 of the Base Prospectus, "Logistic risks" on p. 12 of the Base Prospectus and "Risks related to competition law" on p. 14 of the Base Prospectus with information that ICA Gruppen through a subsidiary has

entered into an agreement regarding the divestment of ICA Norge. The updates are set forth in Appendix 2.

Other information

The headings “Principal markets” and “Legal proceedings and arbitration proceedings” on p. 51 of the Base Prospectus is updated with information that ICA Gruppen through a subsidiary has entered into an agreement regarding the divestment of ICA Norge. The updates are set forth in Appendix 3.

Solna on 15 October 2014

Appendix 1

SECTION D – RISKS		
D.2	Key risks associated with the Company:	<p>Before an investor decides to invest in MTNs, it is important to carefully analyze the risks that are associated with the Company and the industries in which the Company operates. The main categories of risk factors that may affect the Company's operations, profits and/or financial position are described below. They are in no particular order and there is no claim as to the completeness of the information.</p> <p>Financial risks include risks relating to the Company's financing and refinancing, exchange rate risk and risks relating to the Group's sales and earnings.</p> <p>Market-related risk includes changes in consumer behavior and competition resulting from an increase in online sales.</p> <p>Operational risks include risks relating to having suppliers and operations in multiple countries (including the risk of changes in trade-related regulations in different jurisdictions), logistics risks (including warehousing and transports to stores), increased production and distribution costs, damaged reputation (mainly due to independent producers, suppliers, distributors or ICA retailers acting in ways that conflict with the values represented by the Company's brands, or breaking laws or deviating from ethical labor practices, quality or environmental requirements or from international labor norms), risks relating to ICA's Norwegian operations, including the risk that Konkurransetilsynet does not approve of the divestment of ICA Norge, risks relating to information and IT systems, dependence on group management, ICA retailers and other key individuals and risks relating to decisions by competition authorities (including that the Norwegian competition authority decides not to approve the cooperation agreement with NorgesGruppen, as has been notified</p>

		<p>in an advance ruling).</p> <p>There may be risks relevant to the Company that are not known to the Company at this time.</p>
D.3	Key risks associated with MTNs:	<p>Risks related to specific types of MTNs are described below, in no particular order and with no claim as to the completeness of the information:</p> <p>Risks related to specific types of MTN include inter alia risks in connection with structural subordination, credit risks (mainly in that the investor's opportunity to receive payment is dependent on the Company's ability to meet its payment commitments), market risks and interest risks (mainly in that changes in interest rates may adversely affect the value of an MTN), foreign currency risks (mainly the risk of substantial exchange rate fluctuations in the currency in which an investor mainly conducts its business), the risk of lack of liquidity in trading in MTNs, the risk that the Noteholders' meetings will make binding decisions that affect the rights of all Noteholders, the risk of lack of functionality in Euroclear Sweden's VPC system, legal risks (mainly related to the impact of new laws on MTNs or changes in the way the laws are applied), risks associated with buyback or early redemption (mainly that MTNs may reduce in value if the Company has the right to redeem MTNs early) and risks associated with MTNs issued at a substantial discount or premium (mainly that the value of such MTNs tends to fluctuate more than other interest bearing securities with comparable terms, relative to general changes in interest rates).</p> <p>There may be risks relevant to MTNs that are not known to the Company at this time.</p>

Appendix 2

Risks related to ICA's Norwegian operations

ICA's Norwegian operations have been reporting a loss for a long period. ICA has drawn up a strategic business plan for the years ahead which involves substantial challenges, particularly with respect to the Norwegian operations. If the Company does not succeed in implementing the strategic business plan there is a risk that the Norwegian operations will continue to make a loss in the future, or that ICA will decide to leave the Norwegian market entirely or in part, resulting in losses. A significant part of the strategic business plan involves cooperation with NorgesGruppen on sourcing and distribution. As set forth in the section *Regulatory risks – Risks related to competition law* below, the Norwegian Competition Authority (No. *Konkurransetilsynet*) has given a stop notice declaring that it intends to suspend the implementation of the cooperation agreement. ICA Norge and NorgesGruppen have commented on the stop notice. The authority has recently announced that its final decision cannot be expected until autumn 2014. The cooperation agreement with NorgesGruppen is intended above all to contribute to lower sourcing and distribution costs, but good store management and increased store sales are also needed if ICA Norway is to perform profitably.

If the Norwegian Competition Authority's final decision is to stop the implementation of the cooperation agreement with NorgesGruppen, there is a great risk that this will negatively impact the Group's operations, earnings and financial position.

Given this background, the Company has through a subsidiary in October 2014 entered into an agreement with Coop Norge regarding the divestment of ICA Norge (which do not include the properties in Norway owned by ICA Fastigheter). However, this transaction is subject to Konkurransetilsynet's approval. Should Konkurransetilsynet not approve of the transaction, the above risks will still remain.

Logistic risks

Efficient logistics play an essential part in the Group's success, particularly as regards ICA. The logistics are dependent on numerous systems, suppliers and other internal and external parties. ICA Sweden has centralized its distribution system at two central warehouses, in Västerås and Helsingborg. ICA's own consumer-packaged meat is distributed via Hilton Food Group, based in Västerås. In the event that a significant supplier, transport company, warehouse or other party involved in the supply chain should strike, go bankrupt, or otherwise cease to meet its commitments, ICA could be unable to supply certain goods during the period until this party is replaced, which could negatively impact the Company's

operations, earnings and financial position. Particularly as regards labor disputes, even limited strikes could have a major impact on the Group.

ICA Norway has concluded a distribution cooperation agreement with NorgesGruppen. Implementation of the logistics element of this cooperation has been suspended temporarily by the Norwegian Competition Authority and the agreement has therefore not been implemented. If the agreement is implemented it will mean that in future NorgesGruppen will take care of ICA Norway's distribution outside the Greater Oslo area. Any termination of cooperation that has entered into effect would result in ICA Norway having to arrange alternative logistics solutions, which could have a negative impact on the Group's operations, earnings and financial position. As set out in the section *Risks related to ICA's Norwegian operations* above, the Company has through a subsidiary entered into an agreement regarding the divestment of ICA Norge.

As regards the operations in Estonia, Latvia and Lithuania, Rimi Baltic is heavily dependent on an external third party logistics company for warehousing (including IT solutions for the warehousing) and transport to stores. In the event that the external transport company should terminate its agreement with Rimi Baltic, strike, go bankrupt, or otherwise cease to meet its commitments under the contract with Rimi Baltic, this could negatively impact the Company's operations, earnings and financial position.

Risks related to competition law

In recent years, competition authorities in the countries where the Group operates have generally made the food and retail sectors a focus of their activities.

ICA Norge has entered into a cooperation agreement with NorgesGruppen for some parts of sourcing and distribution in Norway, as announced on 14 January 2013. This cooperation agreement was subsequently reported to the Norwegian Competition Authority. On 13 February 2014 Konkurransetilsynet gave a stop notice declaring that it intends to stop the implementation of the cooperation agreement. ICA Norge and NorgesGruppen have commented on the stop notice. The authority has recently announced that its final decision cannot be expected until autumn 2014. Should Konkurransetilsynet's decision to stop the cooperation agreement become final, this could necessitate changes in significant aspects of the way that ICA and NorgesGruppen cooperate or prevent such cooperation from taking place, which could negatively impact the Group's operations, earnings and financial position.

Given this background, the Company has through a subsidiary in October 2014 entered into an agreement with Coop Norge regarding the sale of all shares held in ICA Norge. However, this transaction is subject to Konkurransetilsynet's approval.

Should Konkurransetsynet not approve of the transaction, the above risks will still remain.

Furthermore, the Swedish Competition Authority (Sw. *Konkurrensverket*) has on its own initiative previously investigated ICA Sweden's business relations with ICA retailers. Although the Swedish Competition Authority has not taken any action against ICA in conjunction with these investigations, it cannot be ruled out that new investigations may be conducted in the future.

The competition authorities in the Baltic States pay close attention to the retail sector and on a number of occasions have initiated actions against operators in the market, including Rimi Baltic's national company, often based on market dominance of the operator in question. As elsewhere in Europe, the competition rules also allow the authority to impose antitrust penalties on companies that are deemed to have infringed the regulations laid down in competition law, something which may have a negative impact on the Group's operations, earnings and financial position.

From time to time the Group considers various other acquisitions, mergers and partnerships that require approvals from competition authorities in the jurisdictions concerned. In the event that such approvals are not given, or are given only on condition that the Group makes changes that the Group is not willing to implement, the Group's expansion and other development may be restricted, which could have a negative impact on the Company's operations, earnings and financial position.

Appendix 3

Principal markets

The Group is primarily active in the retail and food retail markets in Sweden, Norway and the Baltic countries. However, the Company has through a subsidiary entered into an agreement to sell all shares held in ICA Norge, which is subject to Konkurransetsynet's approval. The Group is also active in the bank market in Sweden through ICA Bank and in the real estate market in Sweden and Norway through ICA Real Estate and in the Baltic countries through Rimi Baltic. The properties in Norway owned by ICA Fastigheter are not included in the divestment of ICA Norge. The Group is also, through ICA Gruppen's other portfolio companies, active in the Nordic region in a number of other retail areas within home electronics accessories, glassware, dinnerware and household goods, consumables and home textiles. In addition, one of the subsidiaries, Forma Holding, publishes books and magazines primarily in Sweden.

Legal proceedings and arbitration proceedings

On 14 January 2013, ICA announced that it had entered into a cooperation agreement with NorgesGruppen for some parts of sourcing and distribution in Norway. This cooperation agreement was subsequently reported to Konkurransetsynet. On 13 February 2014 the Norwegian Competition Authority gave a stop notice declaring that it intended to suspend the implementation of the cooperation agreement. ICA Norge and NorgesGruppen have commented on the stop notice. The authority has recently announced that its final decision cannot be expected to be announced until autumn 2014. As set out above under the subheading *Principal markets* the company has through a subsidiary entered into an agreement to divest of ICA Norge which is subject to Konkurransetsynet's approval.

Other than the above, the Company is not, nor has it been, a party in any legal proceedings or arbitration proceedings over the past twelve months that have had or could be deemed to have a material effect on the Company's financial position or profitability. Nor has the Company been informed of any claims that could lead to the Company being a party in such proceedings.